



# Advisor Newsletter

*(Monthly Newsletter of the Florida Association of Insurance and Financial Advisors)*

**MARCH 2006**

## **LEGISLATIVE AND REGULATORY REPORT**

by Timothy J. Meenan, FAIFA Lobbyist

### FLORIDA COMPLIANCE WITH THE PRODUCER LICENSING MODEL ACT

The Department of Financial Services (DFS) continues to review the reciprocity of Florida's agent licensure laws with other states. Handled improperly, that could lead to agents licensed in other states—many with lower licensing standards than Florida—gaining access to Florida markets without having to go through as rigorous a credentialing process as do Florida-licensed agents. FAIFA remains committed to assuring strong licensure laws stay in effect in Florida.

In response to the NAIC's recent assessment that Florida is non-compliant with standards established in the Producer Licensing Model Act (PLMA), DFS is reviewing nine areas relating to producer licensing and continuing education with interested agent groups. The PLMA is a model act developed by the NAIC and has been promoted by regulators and industry for adoption throughout the country as a means to comply with the Gramm-Leach-Bliley Act of 2000. GLBA was a federal measure passed by Congress, in part, to promote increased uniformity and reciprocity in "core" areas of insurance producer regulation.

The PLMA has been adopted, or substantively adopted, by an overwhelming majority of states. Although Florida has made a number of changes to its agent licensing laws in recent years, it still lacks conformity with the PLMA in nine categories, including pre-licensing education standards, major lines of authority for producer licensing, and standards relating to non-resident licensee qualifications.

FAIFA has long been wary of any change to Florida law that makes it easier for agents from other states, that lack the training and high standards we require, to be admitted to do business here. It remains a high priority to stay on top of and prevent any changes that will decrease consumer protection by allowing untrained agents to sell in Florida. That said we are willing to find certain areas of compromise as long as Florida's agent licensure standards are not lowered.

#### --- Pre-licensing Education – Professional Designations

Florida is considered non-compliant in this area because it only accepts CLU, CPCU or CIC for purposes of exempting a resident license applicant from taking the required pre-licensing coursework. In addition to these professional designations, PLMA standards call for the acceptance of the CEBS, ChFc, CFP, FLMI, LUTCF for the life line of authority; the RHU, CEBS, REBC, HIA for the health line of authority, and other designations for

property and casualty lines of authority, in lieu of having to take additional pre-licensing courses. FAIFA, as well as other interested agent groups, have reviewed these additional designations and advised DFS that their inclusion toward exempting pre-licensing coursework would not be objectionable on the premise that the applicant would still be required to take and pass the license exam, thereby demonstrating competency in the line of authority for which licensure is being sought.

### --- Major Lines of Authority – Consolidation of Licensing Classes

As our members know, Florida's current license structure provides for a combined Life and Variable Annuity License as well as a Health-only license. It does not currently provide for a Variable Annuity-only license. It also provides Health authority within the General Lines Property and Casualty license. In contrast, PLMA standards define six major lines as:

- Life
- Accident & Health/Sickness
- Property
- Casualty
- Variable Life & Variable Annuity
- Personal Lines

In discussions with FAIFA, DFS did not convey any specific plans to adjust its current license structure. The Department simply isn't sure what, if any, changes it may consider. We are advised that no action will be taken at this time and further discussions would be held with us should these plans change. We will continue to oppose any "term life only" type of license.

### --- One-Year License Requirement – Transfer of License

A relatively new requirement in Florida's licensing laws allows a Florida non-resident licensee moving from another state to Florida, to apply for his or her license to be "transferred," resulting in a new resident license without having to pass Florida's license exam. However, in order to qualify for this transfer, the individual must have been licensed in another state for at least one year.

Florida is the only state that requires this one-year prior license requirement and, thus, earns the "non-compliant" label from the NAIC as a result. In a recent meeting with DFS, FAIFA, along with other agent groups, expressed concern over any notions about changing this provision. Theoretically, the elimination of the one-year prior license requirement for "transferring" licensees would mean that a person could be licensed in Georgia for only 30 days, or one day, for that matter, and then begin selling insurance to Florida consumers without the benefit of much needed experience in the marketplace. Again, DFS officials advised that no action will be taken on this, or any other item, without further discussions with us.

As always, we will keep members informed regarding developments in this area, as legislation is filed on this topic.

### FLORIDA LONG-TERM CARE PARTNERSHIP PROGRAM

States and the federal government are looking for ways to make private-sector financing of long-term care services more affordable so that the dramatic rise in Medicaid expenditures for nursing home care can be better managed. A person who participates in a partnership program is able to qualify for coverage for the costs of long-term care under Medicaid, after reaching policy limits, without first being required to exhaust or "spend down" his or her assets to demonstrate that he or she is below the federal poverty level threshold. The amount of countable assets for purposes of determining eligibility for Medicaid nursing and rehabilitative services would be an amount equal to the insurance benefit payments that are made to or on behalf of the individual through a partnership program policy.

In 2005, the Florida Legislature directed the Agency for Health Care Administration (AHCA) to establish the Florida Long-Term Care Partnership Program and develop a plan for implementation of the program in the form of recommended legislation for the 2006 Regular Session. Senate Bill 1924 and House Bill 947 are identical bills that have been introduced for consideration during the 2006 Regular Session, as recommended by AHCA, to provide incentives for individuals to purchase long-term care insurance. The bills amend the law relating to mandatory Medicaid services to modify eligibility determination requirements relating to nursing home services. The bills direct AHCA, when determining eligibility for nursing and rehabilitative services, if the individual is a beneficiary of a Florida long-term care partnership program policy and has exhausted the benefits of the policy, to reduce the total countable assets of the individual by an amount equal to the insurance benefit payments that are made to or on behalf of the individual. Additionally, the bills repeal a provision added to the law in 2005 providing for eligibility determination asset counting off-sets of \$1 for each \$1 of benefits paid out under the individual's approved long-term care partnership program policy. Also, AHCA is directed to amend Florida's Medicaid State Plan, relating to the Florida Long-Term Care Partnership Program, in compliance with the requirements of the Social Security Act, to provide for Medicaid long-term care coverage by disregarding any assets or resources in an amount equal to the insurance benefit payments that are made to or on behalf of an individual who is a beneficiary under a Florida long-term care partnership program policy as a determination of Medicaid eligibility. The bills' provisions would take effect on July 1, 2006.

The 1993 federal budget required that any states implementing partnership programs after May 14, 1993, recover assets from the estates of all persons receiving services under Medicaid. That means that the asset protection component of the partnership program is effective only as long as the insured is alive. After the policyholder dies, the states must recover from the estate, including protected assets, what Medicaid spent. Efforts are underway at the federal level to remove this restriction from law.

The Partnership legislation is an important step to creating a stronger case for seniors to plan for future health declines by purchasing long-term care insurance. FAIFA will be supporting this legislation strongly during the 2006 legislative Session.

#### THE JESSICA LUNSFORD ACT – REVISED

The Jessica Lunsford Act ("the Act" or JLA) became law on May 2, 2005 and took effect on September 1, 2005. The purpose of the Act is to protect school children age 12 and younger from sexual predators by requiring non-instructional contractual vendors and their employees and agents who come onto school premises, when students are present, to undergo criminal background screening to determine whether they have past convictions for offenses designated as "moral turpitude." As enacted, such vendors and their employees and agents must submit fingerprints and pay a \$60 fee to each school district in which they do business (even if a current criminal background report is on file with the Florida Department of Law Enforcement or FDLE) because no centralized database of background information accessible to school officials existed or was created by JLA.

This has proven to be logistically burdensome for all involved and expensive as many vendors, including life and health agents, do business statewide or in several districts. Additionally, each school district determines what constitutes "moral turpitude" —setting the stage for a reported offense to be a disqualifying act of moral turpitude in one school district but not disqualifying in another—resulting in great uncertainty for vendors and their employees and agents.

In response to the need for a central database with secure website access for school officials, FDLE established the Florida Shared School Results (FSSR) system and brought it online beginning September 30, 2005. Once FDLE has compiled the results of a school district's request for a criminal background screening, it posts the results on a secure website accessible to other school districts.

The House Criminal Justice Committee, on January 25, 2006, discussed Proposed Committee Bill CRJU 06-03,

relating to background screening for school district contractors, which addresses the above noted problems as well as other unintended consequences that have come to light since JLA took effect. The bill will be introduced for consideration during the Regular Session; so far, a Senate companion is not available. FAIFA will be working closely with legislators and legislative staff throughout the upcoming Regular Session to ensure that the solutions under consideration adequately provide for agent and agency protections. We anticipate corrective legislation will pass this Session.

## AGENT PENALTY RULES

As previously reported the Department of Financial Services has published proposed rules to conform current regulation of insurance agent, customer representative, service representative, and adjuster licenses to current statutory authority. The proposed rules update the Department's authority to suspend or revoke these licenses as well as take other administrative actions.

Rule 69B-231, Florida Administrative Code, is amended to:

- Make permissive, instead of the current mandatory, whether the Department imposes a fine and probation in lieu of a suspension or revocation for first time violators for non-compulsory suspension or revocation.
- Clarify that compulsory suspension or revocation applies to a license and appointment. Penalties relating to compulsory suspension or revocation are lengthened as follows: (1) a lack of qualifications for license would result in revocation instead of suspension; (2) willful misuse of license, willful misrepresentation of contract annuities, material misrepresentation to force unfavorable settlement on claimants, or misappropriation of funds would result in an additional 3 months of suspension onto current penalty; (3) unlawful rebating or splitting of commission would result in a 6 month suspension, unless new commission sharing statute is violated, in which case penalty is revocation in addition to any other applicable penalty; and (4) the penalty for a fraudulent workers' compensation application is increased from 3 months to 12 months.
- Clarify that discretionary suspension or revocation applies to a license and appointment. Penalties relating to discretionary suspension or revocation are lengthened as follows: (1) issuance of license/cause for refusal that was concealed penalty changes from 3 months suspension to revocation; (2) unfair competition or trade practices penalty changes from 6 month suspension to 3-12 month suspension; (3) aiding and abetting violations of the Insurance Code penalty changes from 3 months to 6 months suspension.
- Add a new penalty that provides for automatic revocation of license if final penalty is for more than 24 months.
- Add two new penalties: (1) churning - penalty of 9 months suspension and (2) deceptive use of financial institution logo – penalty of 3 month suspension.
- Add several new 3-month suspensions for: no written contract for compensation, unlicensed transaction of general lines, unlicensed transaction of life insurance, unlicensed transaction of health insurance, and premium finance-excess service charges.
- Add a 12 month suspension for sale of annuities to seniors, at the Department's determination, for failure to meet statutory requirements for suitability, record keeping, and corrective action ordered by the Department.
- Increase penalty for knowingly—currently 3 months suspension—and willfully—currently 6 months suspension—transacting business in violation of suspension to revocation and providing for an additional 30 month suspension for a nonwillful violation.
- Revise penalties relating to criminal proceedings as follows: (1) felony conviction penalty changes to immediate revocation instead of current revocation; (2) felony conviction related to business of insurance changes to revocation instead of current 24-month suspension; and (3) felonies involving dishonesty or breach of trust, including the business of insurance and theft of money or property, result in 12-month suspension.

The proposed rules make several other revisions to the penalty provisions. The proposed rules are continuing through the administrative rulemaking process and will soon become law.

## HEALTH INSURANCE MANDATE LEGISLATION ANTICIPATED

Several bills have been filed that mandate health insurance coverage for: 1) cystic fibrosis, 2) Lyme disease, 3) diabetes detection and prevention, 4) autism, 5) breast cancer, 6) prostate cancer, 7) infant eye care, and 8) bone marrow transplants. FAIFA continues to maintain that forcing voluntary market insurers to increase premiums to cover these diseases, while allowing ERISA plans to operate unfettered by such mandates, will create further disruption in the health insurance market. FAIFA will oppose the addition of any new health mandates.

#### LARGE EMPLOYER “WAL-MART” INSURANCE MANDATE

In April 2005, the Maryland Legislature enacted Senate Bill 790, creating the “Fair Share Health Care Fund,” which forces large employers to provide health insurance coverage for their employees. The Maryland Governor vetoed the bill May 19, 2005, citing it as an “anti-business message”. However, on January 12, 2006, the Maryland Senate and House voted to accept a motion to override the Governor’s veto, and the bill became a law that will take effect on January 1, 2007 (originally, it was to take effect July 1, 2005).

There is growing anticipation that a similar legislative initiative likely will launch in Florida. The Florida legislation could track Maryland and mandate private-sector large employers, both for-profit (up to 8%) and not-for-profit (up to 6%), spend a specified percentage of total wages to cover health insurance costs for their directly employed full and part-time employees or, alternately, pay the difference between what it spends on employee health insurance costs and the specified percentage of the employer’s total wages into a state indigent health care fund. FAIFA will monitor future developments on this topic closely and report to members.

#### CABINET AND LEGISLATURE ADDRESS UNDERWRITING OF LIFE INSURANCE BASED ON TRAVEL

Controversy is growing over insurance applications and forms used by some Florida life insurers that contain questions asking about an applicant’s or insured’s past or future travel plans. Insurance Commissioner Kevin McCarty has directed insurers to withdraw applications that include such questions. It is reported that the Office of Insurance Regulation is not approving any new filings that contain travel-related questions. Some life insurers are reportedly planning challenges to any measures adopted that prohibit use of such questions.

Rule 690-125.003, Florida Administrative Code, “Unfair Discrimination Because Of Travel Plans,” is pending final adoption before the Financial Services Commission on March 16 at the next meeting of the Florida Cabinet. It identifies the denial or pricing of life insurance or health insurance to a person based upon his or her travel plans as a prohibited act or practice under Florida’s Insurance Code.

Deliberation on two legislative bills has also already begun. House Bill 299, which bans travel-related questions, with limited exceptions, was passed by the House Insurance Committee on February 6; it has three more stops before consideration for final passage. As passed, Committee Substitute for House Bill 299 prohibits a life insurance company or an insurer from refusing to insure or refusing to continue to insure an individual, limiting the amount, extent, or kind of coverage available to an individual, or charging an individual a different rate for the same coverage solely for reasons associated with an applicant’s or insured’s past or future lawful travel experiences. The Financial Services Commission is delegated rulemaking authority to implement this prohibition and is authorized to provide for limited exceptions that are based upon national or international emergency conditions that affect the public health, safety, and welfare and that are consistent with public policy. If it becomes law, the bill would take effect on July 1, 2006. Senate Bill 764, which is similar to the House bill, was agendaed for a January 31 hearing before the Senate Banking and Insurance Committee, but hearing on the bill was postponed.

FAIFA is monitoring these developments, and has chosen to not make this issue a priority, instead allowing underwriters to take the lead on this controversial issue.

## CITIZENS AGENT TECHNICAL BULLETIN: Commission, Rate and Underwriting Changes for HRA/PLA March/April 2006

Citizens Property Insurance Corporation (Citizens) published commission, rate, and underwriting changes in January 2006 that will take effect in March and April 2006. As published in Agent Technical Bulletin #001-06, the following changes were announced:

- HRA (wind-only, commercial-residential, and commercial non-residential) commission rate = 12%, effective March 1.
- CLA (multi-peril, commercial-residential) commission rate = 12%, effective March 1.
- HRA (wind-only, personal-residential) commission rate = 16.2% overall average statewide rate increase (rate increased based on Top 20 Comparison). When implemented, this change removes the “freeze” on commissions that was implemented on April 1, 2005, not retroactive, so that the payable commission will apply to the entire commissionable premium, including future rate increases.
- PLA (multi-peril, personal-residential): (1) New business = 15.4% overall average statewide rate increase, effective on or after April 1, 2006; (2) Renewal business = 15.4% overall average statewide rate increase, effective on or after April 15, 2006 (rate increase based on Top 20 Comparison). When implemented, this change removes the “freeze” on commissions that was implemented on February 1, 2005, so that the payable commission will apply to the entire commissionable premium, including future rate increases. Removal of the freeze is not retroactive.

Although agents received a commitment to undo the agent’s commission freeze last Fall, Citizens has been slow to implement the freeze removal due, in part, to the active 2005 hurricane season. FAIFA remains vigilant to fight any reduction in agent compensation at Citizens.

### **FAIFA DAY ON THE HILL IS MARCH 13-14**

FAIFA Legislative Day On The Hill in Tallahassee is set for Monday-Tuesday, March 13-14, 2006.

FAIFA Lobbyist Tim Meenan is encouraging as many members as possible to attend this year's event. Your attendance is vital as many insurance-related bills and issues impacting your business are coming up before the Legislature this year. Among them: 1) another attempt to tax agent commissions, 2) another battle over investor-owned life insurance, 3) and some language the Department anticipates introducing regarding conformity with the Producer Licensing Model.

The FAIFA Day On The Hill luncheon begins at 11:30 a.m. on Monday and will feature insurance committee members, and FAIFA Lobbyist Tim Meenan who will discuss issues and talking points for you and your local association delegation to discuss with your legislators that afternoon. At 5:30, FAIFA members, legislators and their aids, and DFS officials, are invited to the FAIFA reception on the 22nd floor of the new Capitol building -- the observation gallery. There, members will have an opportunity to informally visit with our guests from the legislature and the DFS. On Tuesday, members can conclude legislative visits or observe the Legislature in session.

### **PRESIDENT BUSH’S BUDGET REPRISES FAMILIAR THEMES**

*(The following item was excerpted from NAIFA Political Frontline newsletter.)*

On February 7, NAIFA President David Smithkey, CLU, RFC, provided NAIFA members an Informational Alert that briefly examined the President's budget message and its impact on NAIFA members and their clients. This issue of Frontline examines the proposals in more detail.

Echoing public policy positions from past years, President Bush laid out some familiar refrains to Congress on February 6, 2006. His budget submission to Congress followed the President's State of the Union address to the nation January 31 in which the President emphasized his vision for the country's near future.

While initially encouraged by what the President did not underscore in his address, NAIFA leaders were disappointed to see several controversial proposals with negative implications for life insurance, annuities and health insurance resubmitted to the Congress. At the same time, the President offered some new ideas in the health insurance arena for Congress' consideration that NAIFA and AHIA heartily endorse.

The following is a review of FY 2007 budget proposals that could have an impact on the business interests of NAIFA members and their clients.

#### Proposals to Simplify and Encourage Savings

The President proposes to replace all current IRAs with two new tax favored savings accounts and consolidate employer based savings accounts. These accounts are:

--- Retirement Savings Accounts: RSAs would consolidate the three current law IRAs into a single type of IRA. Individuals could contribute up to \$5,000 per year. No income limits would apply to contribution limits. Contributions would not be tax deductible, earnings on the account would be tax free as would distributions if made after age 58 or in the event of death or disability. No minimum distribution rules would apply.

--- Lifetime Savings Accounts: LSAs would consolidate all types of personal savings, including Coverdell Education Savings Accounts and Section 529 Qualified Tuition Plans. Individuals could contribute up to \$5,000 per year into a tax favored LSA regardless of income or age. Contributions would not be tax deductible, but earnings would not be taxable. Distributions could be made at any time or for any purpose without tax consequences. The contribution limits would apply to accounts held in an individual's name, but an individual could contribute up to \$5,000 per year to the accounts held by other individuals, but contributions to all accounts in the name of one individual could not exceed \$5,000 per year.

--- Employer Retirement Savings Accounts: ERSAs would consolidate all employer based defined contribution plans into a 401(k) plan model. Plans consolidated are current law 401(k) plans, SIMPLE 401(k)s, Thrift plans, 403(b) annuities/accounts, Governmental 457(b) plans, Simple IRAs, and SARSEPS. Employees could defer wages up to \$15,000 annually with employees 50 and over able to defer an additional \$5,000 per year. Combined employee/employer contributions would be the lesser of 100% of compensation or \$44,000. Employers with 10 or fewer employees making at least \$5,000 during a year would be able to fund a custodial ERSA that would resemble a current law IRA. ERSAs would be subject to a single, relatively simple nondiscrimination test that could include a design based safe harbor rule.

NAIFA Position: NAIFA opposes the creation of LSAs as they are envisioned by the White House and is very leery about eliminating and consolidating the various kinds of special purpose educational accounts, IRAs and employer-based defined benefit plans. Regarding LSAs, long experience shows that the vast majority of people will succumb to the temptation of spending their savings if it is easy to do—and it could not be easier to do than in an LSA. Instead most people need "encouragement" to lock up savings needed for long term individual and family security needs, "encouragement" that is currently provided by annuities and life insurance.

Regarding RSAs, taken in combination with LSAs, the risk is that employers, particularly small employers, will be tempted to set aside funding for the business owner and family members and not be encouraged to set up retirement accounts for rank and file employees. Employer-based savings plans have been very successful in reaching lower and middle income ranks, and the RSA/LSA combination is seen as a grave risk to that success.

Regarding ERSAs, NAIFA has been very supportive historically in the development of 401(k) plans, but realizes 403(b) annuities/accounts and Governmental 457 plans (as well as the other specialized defined contribution plans) reach specialized markets that are not readily serviceable by 401(k) type plans. Therefore, while supportive of many of the rule changes that would apply to ERSAs, NAIFA supports the continuation of current law 403(b) annuities/accounts, 457 plans and the other specialized accounts.

Furthermore, LSA supporters have often made the argument that all the changes taken together will increase the U.S. savings rate, which currently hovers near zero. (Take out life insurance, annuities and pension plans and the rate is below zero.) NAIFA contends that the proposed changes are not likely to achieve that goal because most people will not save long-term unless "encouraged" to do so. Insurance people know from experience that most people who say they will "buy term and invest the difference" frequently do neither.

Secondly, if the changes became law, many experts believe that people who save now will save more, but they will save in tax advantaged accounts by moving assets from taxable accounts. This could have long-term fiscal implications for our nation's massive and growing debt.

Finally, the life insurance and pension industries contribute enormously to the nation's storehouse of long-term investment capital. The nation's economy needs long-term capital, not short. To the extent the President's savings proposals dry up long-term capital in favor of short-term capital, the economy will suffer.

### Health Insurance

On a very positive front, the President is offering to dramatically increase tax incentives to encourage the use of Health Savings Accounts and individual health insurance plans. These are:

- An above-the-line deduction for the purchase of HSA-eligible non-group health insurance when the purchaser does not have other health insurance (except for certain permitted supplemental coverage such as dental coverage).
- A refundable income tax credit for the purchase of individual HSA-eligible high deductible health plan (HDHP) coverage. The tax credit would be equal to the smaller of 15.3 percent of the HDHP premium, or 15.3 percent of that portion of the purchaser's wages subject to employment (Social Security) tax.
- An increase in the amount that can be contributed to HSAs. The new limit would be the out-of-pocket limit for a person's HDHP. In 2006, the statutory maximum out of pocket limit is \$5,250 for self-only coverage, and \$10,500 for family coverage.
- A refundable tax credit for after-tax HSA contributions to offset employment taxes on the contribution amounts. This 15.3 percent tax credit would be available for individually paid after-tax contributions (i.e., contributions not made by an employer).
- Low-income refundable tax credit for purchase of HSA-eligible HDHP coverage—the tax credit, available to individuals under age 65, would provide a subsidy of up to 90 percent of the HDHP premium, up to a specified maximum amount. Generally, a single individual with adjusted gross income under \$15,000 could get the full tax credit up to a maximum of \$1,111 in premium. The tax credit amount phases down as AGI goes up. The credit phases out completely for individuals with AGI above \$30,000. Higher amounts apply to married couples and family coverage.

### Negative Health Insurance Proposals:

- Association Health Plans: The President would allow associations to form self-insured health insurance plans called Association Health Plans. These AHPs would not be subject to state solvency or review requirements or mandated benefits. NAIFA and AHIA have successfully opposed the creation of AHPs for 10 years.
- Long-term Care Insurance: Left out of the budget was a call to increase tax incentives for the purchase of long-term care insurance. In the past, the President has supported an "above the line" tax deduction for the purchase of LTCI and NAIFA continues to support this and other incentives to purchase LTCI. Fortunately, this is a case where Congress seems interested in fashioning its own proposals.

### Estate Tax and Other Extensions

The President also proposes to extend permanently all of the tax provisions enacted in the Economic Growth and Tax Reconciliation Act of 2001 (EGTRRA) and the Jobs and Growth Tax Relief Reconciliation Act of 2003. EGTRRA contained numerous provisions that NAIFA supported, but the most controversial, estate tax repeal, NAIFA did not.

Under current law, the estate tax is phased down through 2009 and eliminated completely for the FY 2010. If Congress did not act, the estate tax would revert to 2002 levels in FY 2011. President Bush is proposing to extend the "repeal" year of 2010 through 2016. This proposal will cause sparks to fly in the Senate where many Senators back some version of "reform" of the estate tax rather than complete repeal. NAIFA supports reform as well, suggesting an exemption amount of \$2.5 million and a top rate of 45%.

Regardless of what happens in the budget process, Senate Majority leader Bill Frist (R-TN) has publicly stated that he will ask the Senate to vote to permanently repeal the estate tax before the Senate recesses for Memorial Day. No one is certain that the 60 votes needed to approve repeal can be mustered.

#### The Future of Tax Reform

Many of the proposals that are contained in the President's FY 2007 document were also included in the report of the President's Panel on Federal Tax Reform. Because the media has declared "tax reform" to be "dead on arrival" or even "dead before arrival" many NAIFA members believe they can forget about it. But please keep in mind that tax reform ideas can surface in a variety of places at any time. The FY 2007 budget proposal is a case in point.

The budget document itself states the following right up front under the heading Next Step on Tax Reform: "The bipartisan and unanimous Report of the President's Advisory Panel on Federal Tax Reform has provided a strong foundation for a discussion on ways to ensure that our tax system better meets the needs of today's economy ... In the coming months, the Treasury Department will continue to study tax reform and engage in public dialogue on this important issue."

In Washington speak that means you have not seen the last of tax reform.

### **FAIFA CONFERENCE IS JUNE 26-28: GREAT IDEAS!**

Mark your calendar now for the 2006 FAIFA Annual Career Advancement Conference and Expo, June 26-28 at the beautiful Sheraton Sand Key Resort on Clearwater Beach! "GREAT IDEAS: It's New! It's Different! It's Xtreme!" signals an idea-packed conference providing valuable tools to generate more income in your career: speakers to motivate you, valuable seminars on how to sell more effectively, success stories and idea sharing with other attendees to make you more profitable, and a room full of exhibitors with the latest in products and services.

If you're new in the business or seasoned, if you focus on a single practice specialty or you sell all lines of business, if you're securities licensed or not, all in attendance will find the 2006 FAIFA Annual Career Advancement Conference and Expo packed with money-making ideas !

So mark your calendar now for June 26-28, 2006 and watch for upcoming registration information in the FAIFA Advisor newsletter and FAIFA website ([www.faifa.org](http://www.faifa.org)).

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